

Message Text

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PAGE 01 BUCHAR 00988 101734Z

42

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 EURE-00 SSO-00 NSCE-00 INRE-00

USIE-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 EB-07

FRB-03 H-02 INR-07 INT-05 L-02 LAB-04 NSAE-00 NSC-05

PA-01 AID-05 CIEP-01 SS-15 STR-01 TAR-01 TRSE-00

USIA-06 PRS-01 SP-02 FEAЕ-00 OMB-01 /098 W

----- 109305

O R 101705Z MAR 75

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC IMMEDIATE 1943

INFO USMISSION GENEVA

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ETRD, RO

SUBJ: GATT AND ROMANIAN TARIFF

REF: (A) BUCH 959 (B) GENEVA 1579

1. EMBOFFS MET WITH MINISTRY OF FOREIGN TRADE (MFT) AND CUSTOMS OFFICIALS MARCH 10 AS SCHEDULED, AND HEARD MFT DIRECTOR GENERAL MUMITRESCU OUTLINE ROMANIA'S PROBLEMS WITH THE WORKING PARTY (WP) SOMEWHAT MORE PRECISELY THAN HERETOFORE. (A) GOR BELIEVES WP HAS GONE BEYOND ITS MANDATE; HAVING LOST ITS ORIGINAL PURPOSE, IT HAS DEGENERATED INTO QUOTE DISCUSSIONS OF PHILOSOPHY UNQUOTE AND QUOTE A TRIAL OF INTENTIONS UNQUOTE. (B) GOR BELIEVES ITS TARIFF MEETS GATT OBLIGATION (OF NON-DISCRIMINATORY TREATMENT, ETC); GOR IS NOT SEEKING TO PROVE THAT ITS FLEDGLING TARIFF IS NOW EQUAL TO THOSE OF OTHER COUNTRIES, BUT ALSO DOES NOT WANT TO EXCLUDE THE POSSIBILITY THAT IT WILL BECOME MORE NEARLY SO. (C) GOR BELIEVES ITS IMPORT COMMITMENT AND OTHER OBLIGATIONS OF ACCESSION ARE A SEPARATE ISSUE, TO BE DEALT

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PAGE 02 BUCHAR 00988 101734Z

WITH BY A SEPARATE WP IF AND WHEN GOR WANTS TO RENEGOTIATE THEM.

DUMITRESCU STRONGLY INDICATED THAT GOR WOULD PROBABLY NOT TRY TO TAKE THIS STEP UNTIL TARIFF AND BEEN REFINED AND IN FULL USE FOR SOME TIME -- PERHAPS A YEAR OR MORE FROM NOW. (D) MEANWHILE, ACCORDING TO DUMITRESCU, MANY GOR OFFICIALS CONSIDER THE TARIFF A BURDEN AND WANT TO REPEAL IT, RETURNING TO A PURER PLANNING SYSTEM, AND HE ASKED WHETHER WE PREFER THE PRESENT TARIFF TO NONE AT ALL.

2. COMMENT: EMBASSY WOULD APPRECIATE CLARIFICATION AS TO WHAT EXPLANATION WE CAN PROVIDE ROMANIANS RE US CURRENT OBJECTIVES IN WP AND WHAT WE WOULD DEEM SATISFACTORY WP OUTCOME. IF GENEVA'S POSITION PARA 3 REFTEL B REPRESENTS WASHINGTON THINKING WE CAN HARDLY ARGUE THAT WE ARE SEEKING TO LEARN MORE ABOUT THEIR TARIFF. IF WE DO NOT WISH TO RENEGOTIATE RUMANIAN ANNEX B COMMITMENT IT WOULD SEEM APPROPRIATE TO SIMPLY ACCEPT GOR VIEW THAT IT IS NOT THE FUNCTION OF PRESENT WP TO REEXAMINE THOSE OBLIGATIONS. IF WE WISH TO EXPRESS OUR FUNDAMENTAL SKEPTICISM ABOUT TARIFF IN EASTERN EUROPE, WE SEEM TO HAVE ACCOMPLISHED THAT FROM BUCHAREST IT WOULD APPEAR THAT GOR WILL GATHER MORE EVIDENCE BEFORE CHALLENGING OUR JUDGMENTS ON THIS A SECOND TIME. WE WONDER WHETHER, IN VIEW OF THE WP'S TERMS OF REFERENCE, THE WP'S REPORT TO THE COUNCIL COULD SIMPLY CONCLUDE BY NOTING THE INTRODUCTION OF THE GOR TARIFF AND ROMANIAN ASSURANCES CONCERNING ITS NON-DISCRIMINATORY APPLICATION.

3. THE COMPARISONS WITH THE HUNGARIAN TARIFF AND WITH NON-TARIFF INSTRUMENTS USED TO ALLOCATE LDC RESOURCES FOR IMPORTS CAME UP AGAIN. ALTHOUGH EMBOFFS MADE POINT PARA 2 REFTEL B, GOR STILL INSISTS THAT HUNGARY ACCDED TO GATT WITHOUT AN IMPORT COMMITMENT ON BASIS OF ITS TARIFF, WHICH ROMANIANS BELIEVE DISCRIMINATES AGAINST MOST GATT COUNTRIES. EMBASSY WOULD STILL APPRECIATE GUIDA WE D ON THESE POINTS.

4. EMBASSY SHARES DEPARTMENT'S CONCERN THAT REDUCTIONS IN ROMANIAN TARIFF MAY NOT OFFER MTN CONCESSIONS EQUIVALENT TO OURS. BUT IT IS NOT CLEAR WHAT TYPE OF CONCESSIONS WE SEEK, ESPECIALLY IF WE ACKNOWLEDGE ROMANIA'S LDC STATUS. WE DOUBT THAT ADDITIONAL IMPORT COMMITMENTS, FOR EXAMPLE, WILL CREATE GREATER OPPORTUNITIES HERE THAN TARIFF CONCESSIONS. AT THE SAME TIME, THERE MAY BE SOME LIMITED OFFICIAL USE

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PAGE 03 BUCHAR 00988 101734Z

MERIT IN ENCOURAGING ROMANIA TO USE AND DEVELOP ITS TARIFF AS AN INSTRUMENT OF ECONOMIC POLICY. WHILE WE CANNOT JUDGE THE DEGREE OF OFFICIAL OPPOSITION, GOR IS ACUTELY SENSITIVE TO ARGUMENTS THAT WESTERN INNOVATIONS HERE (LIKE THE TARIFF OR FOREIGN JOINT VENTURES) ARE NOT ACCEPTABLE IN THE WEST.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE AGREEMENTS, TARIFFS, RELATIONS WITH REGIONAL ORGS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BUCHAR00988
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750083-0644
From: BUCHAREST
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750367/aaaacirp.tel
Line Count: 113
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 BUCH 959, 75 GENEVA 1579
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2003 by ShawDG>; APPROVED <17 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GATT AND ROMANIAN TARIFF
TAGS: ETRD, RO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006